TRANSLINK

2012 Third Quarter
Financial and Performance Report

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1. Financial and Performance Summary

Positive third quarter results continue to demonstrate that the South Coast British Columbia Transportation Authority (TransLink) is being fiscally responsible. Customer satisfaction continues to remain at an all time high and all cost performance measures are meeting or exceeding targets with the exception of Access Transit cost per service hour being slightly unfavourable to target.

We continue to examine all planned programs, services and capital and cancel or defer those that are not affordable within our current forecasted revenues. Measures are underway to reduce costs in all aspect of our business and to utilize our assets to provide service where they are needed to derive additional revenues. These actions are deriving results:

- Year to date revenues are $11.0 million below budget but are expected to be slightly favourable by the end of the year;
- Expenditures are $49.6 million less than budget; and
- Surplus revenues over expenditures are $38.6 million greater than budget and are expected to be $29.3 million better than budget at year end.

In order to fund existing programs and services TransLink will still need to draw down reserves by $8.7 million.

Strategy Focus and Highlights

TransLink uses a balanced scorecard approach to support its business planning process, using five strategic goals to align the organization: customer, financial, stakeholder, internal effectiveness, and people. For 2012, four strategic priorities have been identified to support these goals. A summary of the activities related to these initiatives is included below.

Compass Card and Faregate (CCFG)

The Compass Card and Faregate project (CCFG) is an important project that will change the way we collect fares, interact with customers and plan service. Compass, a new electronic fare medium, will work with faregates to improve the transit system.

Change management activities continue to ensure that all areas of the organization are supported through multiple channels in order to maximize understanding and adoption of the Compass system as it is implemented. The initial main focus will be to highlight the benefits of the new system and it is expected that public communications will increase in late fall 2012. The Business Process Team continues to focus on process development and procedural changes that will be impacted by the Compass Project.

The project is progressing with continued work around station construction, installation of faregates and ticket vending machines, bus equipment, and training to transit operators and maintainers.

People

Centralization of HR functions with the operating companies has been completed. Focus on the changes in practice/procedures with the operating companies will continue. The implementation of one enterprise exempt compensation system including a common exempt performance management process is complete.

A number of external and internal delivered leadership and employee development training programs have been completed and will continue through the balance of the year. HR has delivered on successful corporate wellness initiatives across the enterprise.

Preparations are underway to begin bargaining a new collective agreement with COPE Local 378 for TransLink corporate employees.

Sustainable Funding

The Provincial Government completed an audit of TransLink's operations and provided their report on October 17th. This report will be thoroughly reviewed by TransLink's executives and the necessary steps taken to address the issues. The Mayors' Council voted on October 18th to rescind the $30 million one-time property tax revenue for both 2013 and 2014, which is included in TransLink's 2013 three-year Base Plan and put the challenge to the Province and Mayors' Council to work together to identify a long-term funding model by February 28, 2013. TransLink will continue to work with all parties (Province and the Mayors' Council) to address long-term funding strategies.

Technology

With the passing of Bill 51 legislation, the fare evasion and fine collection system was successfully implemented for the effective date September 4, 2012.

Improvements to customer facing applications continue including the mobile website which supports the growing use of SmartPhone technology. The next bus real time transit information is averaging about 60 thousand requests per day.

2. Financial and Operating Summary

NINE MONTHS ENDING SEPTEMBER 30
(all numbers in thousands except per unit calculations)

	YTD Actual 2011	YTD Actual 2012	Fav/(Unfav) to 2011	YTD Budget 2012	Fav/(Unfav) to Budget	Annual Budget 2012
FINANCIAL PERFORMANCE						
Revenue	974,506	1,064,927	90,421	1,075,950	(11,023)	1,416,908
Expenditures	998,429	1,024,199	(25,770)	1,073,787	49,588	1,464,957
Excess (deficiency) of revenue over expenses	(23,923)	40,728	64,651	2,163	38,565	(48,049)
FINANCIAL INDICATORS						
Cumulative funded surplus [1]	338,447	309,386	(29,061)	296,927	12,459	249,723
Capital assets	4,459,736	4,368,180	(91,556)	-	-	4,719,781
Net long-term debt (bonds, debentures) [2]	1,840,005	1,969,165	(129,160)	-	-	1,799,654
Deferred concessionaire credits and GEB contractor liability [3]	1,684,302	1,677,702	6,600	-	-	1,669,752
Total net long-term debt [4]	3,524,307	3,646,867	(122,560)	-	-	3,469,406
Gross interest cost as a % of operating revenue	13.2%	12.6%	(0.6%)	-	-	12.2%
OPERATING INDICATORS						
Scheduled Transit Service						
Overall Performance Rating (out of 10)	7.7	7.7	-	7.7	-	7.7
Revenue passengers	173,020	184,465	11,444	178,845	5,620	237,999
Service hours	4,728	4,753	25	4,785	(31)	6,416
Operating cost recovery	53.0%	52.4%	(0.6%)	49.9%	2.5%	49.6%
Operating cost per revenue passenger	$ 3.60	$ 3.56	$ 0.04	$ 3.83	$ 0.27	$ 3.84
Operating cost per service hour	$ 131.80	$ 138.06	$ (6.26)	$ 143.29	$ 5.23	$ 142.56
Boardings per service hour	56.0	59.0	3.1	57.1	1.9	57.5
Complaints per 1 million boarded passengers [5]	89.7	72.4	17.3	74.6	2.2	74.3
Passenger kilometres	2,049,213	2,160,158	110,945	2,122,611	37,547	2,839,385
Operating cost per passenger kilometre	$ 0.304	$ 0.304	$ -	$ 0.323	$ 0.019	$ 0.322
Operating cost per passenger kilometre (excluding energy)	$ 0.280	$ 0.278	$ 0.002	$ 0.298	$ 0.020	$ 0.297
Capacity kilometres	7,960,126	8,028,925	68,799	8,094,272	(65,347)	10,845,599
Operating cost per capacity kilometre	$ 0.078	$ 0.082	$ (0.004)	$ 0.085	$ 0.003	$ 0.084
Utilization (passenger kilometres per capacity kilometres)	25.7%	26.9%	1.2%	26.2%	0.7%	26.2%
Access Transit Service						
Revenue passengers	1,047	1,033	(13)	1,041	(7)	1,386
Service hours	452	440	(12)	449	(9)	598
Operating cost per revenue passenger	$ 33.40	$ 34.33	$ (0.93)	$ 34.69	$ 0.36	$ 34.80
Operating cost per service hour	$ 77.35	$ 80.59	$ (3.24)	$ 80.41	$ (0.18)	$ 80.67
Boardings per service hour	2.53	2.57	0.04	2.54	0.03	2.54
Complaints per 1 million boarded passengers	876.7	968.8	(92.1)	789.0	(179.8)	790.1
Passenger kilometres	5,585	5,602	17	5,647	(46)	7,521
Operating cost per passenger kilometre	$ 6.26	$ 6.33	$ (0.07)	$ 6.39	$ 0.06	$ 6.41
Operating cost per passenger kilometre (excluding energy)	$ 5.89	$ 5.95	$ (0.06)	$ 6.00	$ 0.05	$ 6.02
Golden Ears Bridge						
Crossings	7,295	8,099	804	8,028	71	10,860
Average toll per crossing	$ 3.43	$ 3.61	$ 0.18	$ 3.58	$ 0.03	$ 3.59

[1] The cumulative funded surplus as calculated under the SCBCTA Act is the amount of resources available to fund future operations.

[2] Balance includes debt reserve deposits and debt sinking funds.

[3] Includes deferred concessionaire credits and Golden Ears Bridge contractor liability

[4] Net Long term debt + deferred concessionaire credits and GEB contractor liability.

[5] Complaints received through social media networks (Facebook, twitter) are not currently being reported. This will be corrected in the year-end report.

Financial Performance and Indicators

Revenues are $90.4 million (9.3 per cent) higher year-to-date compared to 2011 largely due to the gain from sale of surplus properties, increased taxation (including fuel tax rate increase of 2 cents per litre), and increased transit revenue. Excluding the gain, revenues are on budget. Expenditures increased $25.7 million (2.6 per cent) over 2011 and were $49.8 million (4.6 per cent) favourable to budget. The variance to budget is due to timing of capital contributions to municipalities, less service expansion than planned and savings initiatives realized. At the end of September, the cumulative funded surplus was $29.1 million lower than September 2011 but is $12.5 million favourable to the budget target.

Operating Indicators

Scheduled Transit Service (Conventional)

Year-to-date, all cost measures continue to be favourable to the budget target, which shows the ongoing diligence in operating effectively and efficiently.

Service hours for the first nine months of 2012 increased by 25 thousand hours (0.5 per cent) over 2011. A contractual increase in Canada Line service accounted for 13 thousand hours of the increase and the Bus division delivered 24 thousand additional hours from the 2012 Moving Forward Supplemental Plan. Service hours for the Expo and Millennium Lines are 11 thousand lower due to a new automated train control system that provides a more systematic process of transitioning trains from peak to non-peak with no impact to customers. Due to funding uncertainties additional planned new service for June and September did not proceed and service delivered year-to-date is below target.

The operating cost per service hour increase over 2011 is impacted by the increase in Canada Line contractual payments of $6.6 million.

With the service optimization initiative continuing within the Bus Division the utilization factor for the first nine months of 2012 increased 4.7 per cent compared to the same period in 2011. This is also an increase from the second quarter results of 3.9 per cent. Similarly, the utilization factor compared to 2012 budget year-to-date is also up 2.7 per cent. This initiative helps to reduce overcrowding and manages increased ridership. It should be noted that the ridership stats for the months of May – September are still preliminary, subject to results of the fare audit.

Access Transit Service

Boardings per service hour are 1.6 per cent higher than 2011 due to changes in the cancellation policy, and improved scheduling. Service hours for HandyDART are slightly below target due to some reduced service days (snow days) in January. Delivered hours in 2012 will be below the 2011 numbers, as there were additional hours provided by the contractor in 2011, at no cost to TransLink.

Service availability related complaints continue to be high, as demand for HandyDART is growing without a corresponding increase in service. Numbers for other complaints have stayed fairly stable.

Costs year over year are up due to inflationary increases, mainly in operator wages. This results in increases in operating cost per service hour and per revenue passenger.

3. Consolidated Statement of Operations Analysis

Consolidated Revenues

Consolidated Revenues	YTD Actual 2011	YTD Actual 2012	Year over Year Change	Year over Year %	YTD Budget 2012	YTD Budget Variance Fav./ (Unfav.)	YTD Budget Variance %	Annual Budget 2012
Taxation	503,723	528,984	25,262	5.0%	528,125	859	0.2%	707,187
Transit	331,055	344,678	13,623	4.1%	344,159	518	0.2%	456,154
Golden Ears Bridge Tolls	24,986	29,223	4,237	17.0%	28,706	517	1.8%	38,962
Emissions Testing	14,349	15,774	1,425	9.9%	15,829	(55)	(0.3%)	20,551
Transfers from other governments	61,162	60,489	(673)	(1.1%)	63,824	(3,335)	(5.2%)	85,552
Amortization of deferred concessionaire credit	17,301	17,471	170	1.0%	17,248	223	1.3%	23,078
Interest income	18,266	22,632	4,366	23.9%	20,682	1,950	9.4%	27,572
Miscellaneous revenue	3,599	4,446	846	23.5%	1,435	3,010	209.7%	1,909
Gain on disposal	64	41,230	41,166	-	55,942	(14,712)	-	55,942
PSAB/GAAP Total	974,506	1,064,927	90,421	9.3%	1,075,950	(11,024)	(1.0%)	1,416,908
Funding Adjustments:								
Emissions Testing	(14,349)	(15,774)	(1,425)	(9.9%)	(15,829)	55	0.3%	(20,551)
Transfers from other governments	(2,783)	(45,549)	(42,765)	(1536.5%)	(49,412)	3,863	7.8%	(65,883)
Amortization of deferred concessionaire credit	(17,301)	(17,471)	(170)	(1.0%)	(17,248)	(223)	(1.3%)	(23,078)
Interest Income	(15,730)	(19,859)	(4,129)	(26.2%)	(18,641)	(1,218)	(6.5%)	(25,448)
Funded Total	924,342	966,274	41,932	4.5%	974,820	(8,547)	(0.9%)	1,281,947

Overview

Total revenues for the first nine months of 2012 were $90.4 million (9.3 per cent) greater than the same period in 2011. The sale of surplus property accounts for nearly one-half of the increase. The balance is mainly from transit (increased ridership) and taxation revenues ($0.02 per litre increase in fuel tax). Excluding the gain, year-to-date revenues are virtually on budget.

Taxation

Taxation Revenues	YTD Actual 2011	YTD Actual 2012	Year over Year Change	Year over Year %	YTD Budget 2012	YTD Budget Variance Fav./ (Unfav.)	YTD Budget Variance %	Annual Budget 2012
Fuel tax	227,334	245,596	18,262	8.0%	245,581	15	0.0%	330,783
Property and replacement tax	222,161	229,048	6,887	3.1%	229,176	(127)	(0.1%)	305,568
Parking rights tax	40,161	40,102	(60)	(0.1%)	39,100	1,002	2.6%	51,600
Hydro levy	14,066	14,239	172	1.2%	14,268	(30)	(0.2%)	19,237
Total taxation	503,723	528,984	25,262	5.0%	528,125	859	0.2%	707,187

Under the *South Coast British Columbia Transportation Authority Act*, TransLink is permitted to raise revenues by means of taxes. Year-to-date taxation revenues are $25.3 million (5 per cent) higher than the same period in 2011. Current trends in the third quarter suggest there will be a favourable variance to budget of $1.2 million for 2012.

Year over Year

Fuel tax revenues increased by $18.3 million (8.0 per cent) compared to the same period in 2011 resulting from an increase in tax rate from $0.15 per litre in 2011 to $0.17 per litre beginning April 1, 2012. TransLink continues to experience the volatility of adjustments related to prior periods. Total net volume reported by the Consumers Taxation Branch (CTB) in TransLink's region for the eight months of 2012 is flat to the same period in 2011. However, retail sales volume trends from other sources showed a 1.6 per cent decline in fuel sales volumes for the eight months of 2012 compared to the same time period in 2011.

Property and replacement tax revenue increased by $6.9 million (3.1 per cent) over 2011.

Actual vs. Budget

Parking rights taxes year-to-date are $1 million (2.6 per cent) higher than budget. There is a 3.7 per cent growth in registered parking vendors. Due to current trends it is expected that revenue will $1.3 million better than budget.

Transit

Transit Revenues	YTD Actual 2011	YTD Actual 2012	Year over Year Change	Year over Year %	YTD Budget 2012	YTD Budget Variance Fav./ (Unfav.)	YTD Budget Variance %	Annual Budget 2012
Transit - fares								
Farebox	83,578	83,500	(78)	(0.1%)	86,783	(3,283)	(3.8%)	113,091
Prepaid fares	185,401	190,195	4,794	2.6%	184,861	5,334	2.9%	243,033
prepaid contract	53,928	62,182	8,253	15.3%	64,202	(2,020)	(3.1%)	88,743
Total transit fares	322,907	335,877	12,970	4.0%	335,846	31	0.0%	444,868
Transit - other	8,148	8,801	653	8.0%	8,313	488	5.9%	11,286
Total transit revenue	331,055	344,678	13,623	4.1%	344,159	518	0.2%	456,154
Ridership								
Boarded passengers	265,685	279,154	13,469	5.1%	274,370	4,784	1.7%	370,161
Revenue passengers	174,067	185,498	11,431	6.6%	179,886	5,612	3.1%	239,386
Average fare/revenue passenger	$ 1.86	$ 1.81	$ (0.05)	(2.7%)	$ 1.87	$ (0.06)	(3.0%)	$ 1.86

Year over Year

Transit revenue consists of transit fares and other transit related revenues such as advertising and fare infractions. Year-to-date transit revenues increased by $13.6 million (4.1 per cent) compared to 2011.

Transit fares contributed $13.0 million (4.0 per cent) of the increase. Fare revenue grew at a lower rate than ridership resulting in average fare declining 2.7 per cent due to shift to more discounted product use.

Golden Ears Bridge Tolls

Year over Year

Toll revenues year-to-date increased by $4.2 million (17.0 per cent) over the same period in 2011. In 2012 there have been 804,000 more crossings than the same period in 2011. Additional revenue was also realized from the inflationary toll rate adjustment ($0.05 to $0.20) which was effective July 15th.

Actual vs. Budget

Toll revenue was $0.5 million (1.8 per cent) above budget in 2012 as actual vehicle crossings were greater than expected. This was offset by an increase in customer registrations, resulting in more discounted toll rates being charged.

Emissions Testing

Year over Year

Revenues are 1.4 million (9.9 per cent) higher year-to-date in 2012 compared to the same period in 2011. This is due to more biennial inspections in 2012. Revenue is expected to maintain at the budgeted level for the remaining year.

Government Transfers

Three quarters of this funding is restricted to purchases of capital assets while the remainder is an operating contribution by the Province for Canada Line. Revenue from capital is recognized when the asset is placed in service and if there are stipulations in the agreement for repayments over a specified time period the revenues are amortized over that period. All variances are related to timing of projects.

Interest Income

Year over Year

Interest income increased $4.4 million (23.9 per cent) over 2011. Debt sinking funds have increased $140 million since December 2011 resulting in higher interest income.

Actual vs. Budget

Interest income is forecast to be $2.0 million (7.3 per cent) higher at year end due to the proceeds of the February 2012 $100 million 40-year bond issue being placed into the debt sinking funds and higher surplus cash balances than budgeted due to capital project spending delays and earlier borrowing to take advantage of the historic low long-term interest rate environment.

Funding Adjustments

Funding adjustments are the changes required to the income statement to calculate the cumulative funded surplus under the SCBCTA Act, which is defined as the amount of resources available to fund future operations.

Consolidated Expenses by Segment

Consolidated Expenditures by Segment	YTD Actual 2011	YTD Actual 2012	Year over Year Change	Year over Year %	YTD Budget 2012	YTD Budget Variance Fav./ (Unfav.)	YTD Budget Variance %	Annual Budget 2012
AirCare	14,100	12,374	(1,726)	(12.2%)	12,802	428	3.3%	17,095
Bus division	446,628	453,920	7,292	1.6%	468,059	14,139	3.0%	626,811
Corporate	44,374	52,893	8,518	19.2%	59,208	6,315	10.7%	91,966
Rail division	167,898	177,148	9,249	5.5%	181,585	4,437	2.4%	244,201
Roads & Bridges	58,491	57,028	(1,463)	(2.5%)	86,922	29,893	34.4%	118,329
Transit Police	19,651	19,954	303	1.5%	21,891	1,937	8.8%	29,696
Depreciation and Interest *	247,285	250,882	3,597	1.5%	243,320	(7,562)	(3.1%)	336,859
PSAB/GAAP Total	998,429	1,024,199	25,770	2.6%	1,073,787	49,588	4.6%	1,464,957
Funding Adjustments:								
AirCare	(14,379)	(12,374)	2,005	13.9%	(12,973)	(599)	(4.6%)	(17,323)
Corporate	(83)	(65)	18	21.9%	-	65	-	-
Roads & Bridges	(22,920)	(20,286)	2,634	11.5%	(47,584)	(27,298)	(57.4%)	(66,195)
Depreciation and Interest	(158,480)	(161,073)	(2,594)	(1.6%)	(161,753)	(680)	(0.4%)	(217,307)
Debt Repayment	71,000	72,633	1,633	2.3%	73,074	440	0.6%	101,004
GEB Capital Payments	34,035	40,674	6,639	19.5%	40,871	197	0.5%	54,807
In-house insurance (TPCC)	266	898	633	238.1%	192	(706)	(367.9%)	-
Funded Total	907,868	944,606	36,738	4.0%	965,614	21,007	2.2%	1,319,944

* Shown as a separate line to help facilitate analysis of debt service costs as GAAP statements allocate these amounts to the various segments

Year over Year

Overview

Expenditures for the first nine months of 2012 are $25.8 (2.6 per cent) higher than the same period last year. The increase was shared across Bus, Rail, and TransLink Corporate. The main drivers of the increases are a contractual increase in Canada Line payments, increased service, and higher labor and energy costs.

AirCare

Expenditures in the first nine months of 2012 are $1.7 million lower than the same period in 2011 due to a negotiated one year extension of the contract with Envirotest Canada resulting in a significant fee reduction.

Bus Division

Operating expenditures were $7.3 million (1.6 percent) higher year-to-date in 2012 over 2011. The increased costs in 2012 are partially due to the implementation of an additional 29,000 service hours from the 2012 Supplemental Plan implemented in December 2011 and April 2012. Fuel and Power costs have increased due to higher diesel prices and electricity rates, and the additional supplemental service kilometres. Labour costs were up from 2011 due to increased service, merit and step labour cost increases and higher WorkSafe BC and other employer paid benefit costs.

Rail Division

Rail division operating expenditures were $9.2 million (5.5 per cent) higher compared to the same period of 2011. This increase was primarily a result of contractual Canada Line increases of $6.6 million, the annualized impact from the ratified collective agreement, merit increases, maintenance costs, and higher diesel fuel prices and hydro rates.

Corporate

Operating expenditures were $8.5 million (19.2 per cent) higher than 2011. The variance is mainly due to increased labour costs of $4.8 million, which includes centralization of Information Technology and Human Resources staff to TransLink and merit length of service increases. Professional fees were $1.5 million higher in 2012 due to higher feasibility studies, most notably for the Pattullo Bridge. Computer systems costs were $1.8 million higher mainly due to an increase in network capacity requirements and general contract increases in licensing and maintenance agreements as well as the incorporation of British Columbia Rapid Transit Company Ltd. (BCRTC) into the Enterprise Microsoft licensing agreement.

Transit Police

South Coast British Columbia Transportation Authority Police Service (Transit Police) expenditures year-to-date were $0.3 million (1.5 per cent) higher compared to the same period in 2011 driven by salary costs.

Actual vs. Budget

Overview

The budget variance of $49.8 million (4.6 per cent) is attributed to timing differences for MRN capital contributions, less service expansion than was planned, and the realization of operating efficiency initiatives.

AirCare

AirCare expenditures are $0.4 million below budget. The majority of this favourable variance is due to savings on professional fees. The expenditures will have an unfavourable variance at year-end of $0.8 million due to anticipated wind-down costs as the Provincial government has announced it will end the program effective December 31, 2014.

Bus Division

Operating expenditures were $14.3 million (3.1 percent) favourable to budget. Diesel prices have on average been lower than budgeted, as have maintenance materials costs resulting in a favourable variance to budget. Salaries and wages were favourable to budget due to lower overtime and temporary position vacancies.

The forecast to the end of 2012 is estimated to be $16 million favourable which includes savings from the deferral of the originally planned summer and fall 2012 Supplemental service increases and further cost savings to year end from efficiency initiatives. These initiatives include Bus scheduling and recovery

time efficiencies, maintenance and support workforce staffing reductions, cafeteria closures, non-revenue fleet reductions and other cost containment initiatives.

Rail Division

Expenditures were $4.4 million (2.4 per cent) below budget. This was mainly due to lower maintenance costs, vacant positions, reduced CP Rail and Canada Line contract payments, lower diesel fuel prices and increased incremental recoveries from capital projects.

Service reliability and on-time performance results remain strong throughout the rail division, with the exception of West Coast Express showing a slight decline. Vehicle kilometres for the Expo and Millennium Lines are 1.6% below budget mainly due to a new automated train control system that allows the process of launching trains in the morning and of transitioning from peak to non-peak to be carried out in a more systematic manner, thereby reducing costs.

For fiscal 2012, the rail division forecasts its year-to-date variance will decrease and operating expenditures will be below budget by $4.1 million.

Corporate

The first nine months of 2012 show a $6.3 million (10.7 per cent) favourable variance to budget. Savings realized on vacant positions amounted to $1.9 million. Lower than budgeted costs of $3.9 million for computers and systems, marketing, training costs, and costs related to one-time projects were primarily timing differences.

At year end, overall expenditures are expected to be under budget by $0.5 million (0.5 per cent. Vacancy savings of $1.8 million will be offset by higher costs for feasibility studies ($1.2 million over budget) due to 2011 active projects carried over into 2012, mainly for Pattullo Bridge. These are offset by savings from cancelled projects. Employee future benefit costs are also forecast to be $0.4 million over budget.

Transit Police

During the first nine months of 2012 a favourable variance of $1.9 million (8.8 per cent) is being realized compared to budget. This is comprised of $1.3 million in salary costs due to vacancies, sworn members on long-term disability and lower overtime costs. Timing differences in administration and material costs accounted for $0.5 million.

Depreciation and Interest

Depreciation and interest was $7.6 million (3.1 per cent) unfavourable to budget. The forecast is in line with the 2012 budget estimate as the budget assumed December capitalization of capital projects plus an interest "provision" which was included in the later part of 2012 for additional long-term interest costs arising from the Moving Forward Plan capital spending (funded by borrowings) which has now been put on hold.

Consolidated Expenses by Category

Consolidated Expenditures by Category	YTD Actual 2011	YTD Actual 2012	Year over Year Change	Year over Year %	YTD Budget 2012	YTD Budget Variance Fav./ (Unfav.)	YTD Budget Variance %	Annual Budget 2012
Administration	14,868	17,471	2,603	17.5%	22,031	4,560	20.7%	30,041
AirCare	14,379	12,374	(2,005)	(13.9%)	12,973	599	4.6%	17,323
Amortization of Capital Assets	118,507	116,928	(1,579)	(1.3%)	117,903	975	0.8%	163,821
Capital Infrastructure contributions	22,920	20,286	(2,634)	(11.5%)	47,584	27,298	57.4%	66,195
Contracted Services	140,072	147,693	7,621	5.4%	149,750	2,057	1.4%	200,248
Fuel and Power	47,154	52,996	5,842	12.4%	55,290	2,294	4.1%	74,919
Insurance	13,532	13,592	61	0.4%	14,589	997	6.8%	19,832
Interest	128,500	133,954	5,454	4.2%	125,246	(8,708)	(7.0%)	172,810
Maintenance, Materials and Utilities	72,800	73,507	708	1.0%	80,655	7,148	8.9%	110,273
Professional and Legal	8,62[illegible]	10,745	2,119	24.6%	12,376	1,631	13.2%	17,322
Rentals, Leases and Property Tax	27,1[illegible]4	27,526	342	1.3%	27,736	210	0.8%	37,082
Salaries, Wages and Benefits	389,888	397,125	7,238	1.9%	407,654	10,528	2.6%	555,092
PSAB/GAAP Total	998,429	1,024,199	25,770	2.6%	1,073,787	49,588	4.6%	1,464,957
Funding Adjustments:								
AirCare	(14,379)	(12,374)	2,005	13.9%	(12,973)	(599)	(4.6%)	(17,323)
Amortization of Capital Assets	(109,132)	(110,976)	(1,844)	(1.7%)	(111,816)	(841)	(0.8%)	(150,550)
Government Funding Admin	(83)	(65)	18	21.9%	-	65	-	-
Interest	(49,348)	(50,098)	(750)	(1.5%)	(49,937)	161	0.3%	(66,757)
GEB Capital Payments	34,035	40,674	6,639	19.5%	40,871	197	0.5%	54,807
MRN Capital Funding	(22,920)	(20,286)	2,634	11.5%	(47,584)	(27,298)	(57.4%)	(66,195)
Principle Repayments	60,365	59,221	(1,144)	(1.9%)	73,074	13,852	19.0%	101,004
Debt Repayment Reserves	10,635	13,412	2,777	26.1%	-	(13,412)	-	-
In-house insurance (TPCC)	266	898	633	238.1%	192	(706)	(367.9%)	-
Funded Total	907,868	944,606	36,738	4.0%	965,614	21,007	2.2%	1,319,944

Year over Year

Administration

Year-to-date costs in 2012 are $2.6 million (17.5 per cent) higher than 2011. Costs include increased software license costs of $1.8 million and higher marketing costs of $0.8 million.

Amortization of Capital Assets

Year-to-date costs for amortization of capital assets are $1.6 million (1.3 per cent) lower than the same period in 2011 mainly due to several HandyDART and Community shuttle vehicles being fully depreciated.

Contracted Services

This includes services contracted to other organizations in whole or in part such as the Golden Ears Bridge, Canada Line, HandyDART, West Vancouver transit service, some Community Shuttle services, and other vehicle and infrastructure maintenance. The increase of $7.6 million (5.4 per cent) over 2011 is mainly due to the contractual increase for the Canada Line service ($6.6 million) and increased costs for HandyDART services ($1.0 million).

Fuel and Power

Fuel and power costs have increased by $5.8 million (12.4 per cent) over 2011 with a rise in diesel prices and electricity rates and the additional service in 2012.

Maintenance, Materials and Utilities

Maintenance, materials and utilities are $0.7 million (1.0 per cent) higher than 2011 due to increased service delivered by the Bus Division.

Professional and Legal

Professional and legal fees are $2.1 million (24.6 per cent) higher than the same period in 2011. This increase is related to costs in 2012 for the development of the 2045 Transportation Plan, the Golden Ears Bridge interoperability project, and the Pattullo Bridge feasibility study.

Salaries, Wages and Benefits

Salaries, wages and benefits increased by $7.2 million (1.8 per cent) in the first nine months of 2012 compared to the same period in 2011. The increase can be attributed to merit, length of service, and contractual increases for COPE and BCRTC employees, higher WorkSafe BC costs, and increases in actuarial estimates for employee future benefit costs.

Actual vs. Budget

Administration

Year-to-date costs are $4.6 million (20.7 per cent) under budget consisting of lower marketing, computer licenses, training and travel costs. Some of these savings are timing issues, with the forecast expected to be under budget by $2.9 million.

Amortization of Capital Assets

Costs are under budget in 2012 by $1.0 million (0.8 per cent). At year-end costs are expected to be $2.2 million (1.4 per cent) under budget. This is due to the timing of completion of projects and the cancellation of over 30 projects originally planned for 2012.

Capital Infrastructure contributions

Infrastructure payments were $27.3 million (57.4 per cent) lower than budget. The budget variance is mainly a timing issue related to municipal contributions. The municipalities govern when the work is done in their jurisdictions and work schedules are dependent on weather. Contributions are recorded when the municipalities provide TransLink with an invoice.

Contracted Services

Year-to-date there is a favourable budget variance of $2.1 million (1.4 per cent) mainly due to lower Canada Line change order costs and additional services and lower costs for SkyTrain contract maintenance and West Vancouver transit services.

Fuel and Power

Year-to-date, the price of diesel and hydro has been lower than budgeted, resulting in a favourable variance of $2.3 million (4.1 per cent). Fuel and power costs are estimated to be $2.4 million favourable.

Interest

Interest is $8.7 million (7.0 per cent) higher than budget. This is due to an earlier than budgeted debt issue of $100 million in February, 2012 and $150 million in July, 2012 (offset by higher interest income) and significantly lower than budgeted IDC (interest during construction) which is capitalized and reduces the interest expense. IDC is lower than budget as a result of capital spending delays. It is expected that interest will continue to be unfavourable to budget ending the year by $3.1 million. The reduced unfavourable variance forecast is due to lower borrowing for capital under the Moving Forward Supplemental Plan which has now been put on hold.

Maintenance, Materials and Utilities

The favourable year-to-date variance of $7.1 million (8.9 per cent) to budget is due mainly to less service being provided compared to the target, and some timing differences. However, by year end the timing differences will reduce the variance by approximately $3 million.

Professional and Legal

Year-to-date costs are $1.6 million (13.2 per cent) favourable to budget mainly due to timing issues.

Salaries, Wages and Benefits

Year-to-date salaries, wages and benefits are $10.5 (2.6 per cent) favourable to budget. Savings have been realized from delays in filling vacant positions throughout the entire organization and lower overtime particularly in the Bus Division. This will continue to the end of the year, however costs are expected to be $10.6 million favourable to budget with an additional cost of $2.6 million expected primarily due to anticipated restructuring costs for Voluntary Departure Program, and higher than planned rates for WorkSafe premiums and other employee benefits within the Bus & Rail Divisions.

4. Investment in Capital Assets

Capital Program Summary – September 30, 2012

($ amounts in thousands)

Description	Number of Projects	Budgets		Actuals		Forecasts/Variances			
		Original	Current	Prior to 2012	2012	2012 Actuals & Forecast	Final Forecast Total	Variance to Current Budget	Forecast Funding
Total of Active Projects and AiP Projects as at Jan 01 2012	**226**	**2,091,730**	**2,096,664**	**925,699**	**-**	**409,418**	**2,069,688**	**26,976**	**756,161**
Add: Adhoc Projects	6	1,059	1,059			-	1,059	-	55
Less: Projects Closed during 2012	(32)	(84,581)	(79,058)	(62,994)	4,590	4,590	(58,403)	(20,655)	
AiP changes for activated projects		(19,274)				-	-	-	
AiP projects cancelled in 2012	(37)	(82,016)	(82,016)		-	(13,123)	(82,016)	-	(1,045)
Substantially Complete	(55)	(779,405)	(804,478)	(744,259)	(19,158)	(30,134)	(775,466)	(29,012)	(347,134)
Actual costs to date for Active Projects				301	100,561	100,561	100,862	(100,862)	16,418
Project budget and forecast adjustments*		241	62			(297,256)	(130,241)	130,303	(34,090)
Total Capital Program (excl Substantially Complete)	**108**	**1,127,754**	**1,132,233**	**118,747**	**85,993**	**174,056**	**1,125,483**	**6,750**	**390,365**
Active Projects (excl Substantially Complete) A:	75	721,170	725,649	118,747	85,993	159,109	718,899	6,750	389,545
AIP Projects as at Sep 30 2012 B:	33	406,584	406,584	-	-	14,947	406,584		820
Total Capital Program (excl Substantially Complete) A+B:	**108**	**1,127,754**	**1,132,233**	**118,747**	**85,993**	**174,056**	**1,125,483**	**6,750**	**390,365**

*Contribution type projects move out of AiP but not into Active; some project AiP to SPA are multiphased and counts have to be adjusted

Closed Projects

A total of 32 projects with a cost of $58.4 million and a related budget of $79.1 million were completed and closed up to September 30, 2012. These projects had a total favourable variance of $20.7 million. TransLink regularly monitors the contingency budgets to ensure levels are appropriate. Of the projects closed in 2012, contingency made up 12 per cent of the total budget and 8 per cent was utilized.

Cancelled Projects

A total of 37 projects have been cancelled to the end of September, 2012 with a budget of $82 million. In May, 2012 when it became apparent that the new funding source for the Moving Forward Supplemental Plan would not proceed and fuel tax revenues were decreasing, TransLink reviewed and prioritized all 2012 projects. The cancelled projects included fleet procurement in order to reduce the spare ratios, 87 conventional buses were cancelled costing $66 million.

Substantially Complete Projects

A total of 55 projects with a total cost of $775.5 million and a related budget of $804.5 million were deemed substantially complete and in the final stages of project activity, with approximately $11 million to be spent in the remainder of 2012 and $1.1 million in 2013. The total expected favourable variance for these projects is $29 million.

Active Projects (excluding substantially complete)

($ amounts in thousands)

		Budgets		Actuals		Forecasts/Variances			
	Number of Projects	Original	Current	Prior to 2012	2012 Actuals	2012 Actuals & Forecast	Final Forecast Total	Variance to Current Budget	Forecast Funding
Equipment	9	6,199	6,209	133	438	2,751	6,147	62	
Facilities	19	218,671	219,721	47,995	26,542	41,023	218,778	943	92,462
Infrastructure	22	320,420	323,122	62,448	51,272	90,282	320,777	2,346	193,859
Major Construction	1	15,692	3,341	1,204	1,049	1,049	3,341	-	
Minor Capital Account	1	700	8,136	102	(102)	899	8,136	-	
Technology Applications	16	37,791	40,557	6,344	5,166	12,886	40,148	409	3,004
Vehicle - Non Revenue	2	5,110	4,984	-	-	100	4,710	274	
Vehicle - Other Revenue	1	6,210	9,201	103	1,556	4,307	6,691	2,510	5,562
Vehicle - Convention Revenue	4	110,378	110,378	418	72	5,812	110,172	206	94,658
Grand Total	**75**	**721,170**	**725,649**	**118,747**	**85,993**	**159,109**	**718,898**	**6,750**	**389,545**

As at September 30, 2012, there were 75 active projects with a current budget of $725.6 million. The forecasted active project variance of $6.8 million (0.9 per cent) and was primarily made up of the following projects:

Facilities: Variance of $0.9 million or 0.43 per cent

The major component of this variance is the UBC Trolley Loop project (0908) being under budget by $0.5 million due to significant savings in implementation, reduced scope for way finding and crew room servicing not being required.

Infrastructure: Variance of $2.3 million or 0.73 per cent

The major components of this variance are:

- The SkyTrain Wayside Monitoring & Control System project (0510) is expected to be under budget by $0.5 million primarily due to savings in consultant contract award.

- The Kingsway Trolley Overhead Rectifier Station Building Envelope Rehabilitation (project 1003) is expected to be under budget by $1.3 million due to savings in contract award, project management and unused contingency.

Vehicles – Other Revenue: Variance of $2.5 million or 27.27 per cent

The major component of this variance is the 2012 Community Shuttle replacement project (112150) being under budget due to significant savings in procurement contracts from lower community shuttle unit costs, vehicle type, increasing strength of Canadian currency and competitive pricing due to increased suppliers.

Approval in Principle Projects

At the period ending September 30, 2012, there were 33 projects that had not yet started with a total Approval in Principle (AiP) budget of $406.6 million. The largest project is the Evergreen Line contribution with a budget of $375 million.

The remainder include TransLink projects such as IT enhancements, bike infrastructure development, Pattullo Bridge short term rehabilitation and SkyTrain station design totalling $7.4 million; $2.7 million for Rail Division projects such as vehicle refurbishment, and propulsion power and switch control replacements; and $21.5 million for Bus Division projects such as facilities and infrastructure improvements, and technology equipment replacements.

5. Changes in Financial Position

(in thousands of dollars)

	Sept 30 2012	Dec 31 2011	Change from 2011	% Change
Financial Assets				
Cash & Investments	454,478	222,601	231,877	104.2%
Accounts receivable	80,563	79,059	1,504	1.9%
Restricted cash and investments	286,694	295,926	(9,232)	(3.1%)
Debt reserve deposits & sinking funds	742,871	601,139	141,732	23.6%
Liabilities				
Accounts payable and accrued liabilities	241,226	180,563	60,663	33.6%
Debt	2,712,036	2,459,778	252,258	10.3%
Deferred government transfer	1,137,088	1,179,353	(42,265)	(3.6%)
Deferred concessionaire credits & Golden Ears Bridge contractor liability	1,677,702	1,685,702	(8,000)	(0.5%)
Other Liabilities	77,533	67,590	9,943	14.7%
Non-Financial Assets				
Tangible capital assets	4,368,180	4,426,404	(58,224)	(1.3%)
Supplies inventory	39,490	39,434	56	0.1%
Prepaid expenses	13,066	7,452	5,614	75.3%

Financial Assets

Cash and investments has increased by $231.9 million (104.2 per cent) over the 2011 year-end. Cash and Investments were $389.2 million at the same time last year (i.e. Sep 30, 2011). The decrease in restricted cash and investments reflects the funds released to pay for eligible capital projects net of interest earned. The increase in debt reserve deposits and sinking funds of $141.7 million (23.6 per cent) represents the regular contributions to the sinking funds held at the MFA and TransLink's self-administered sinking fund program. It also reflects the special contribution of the proceeds from the TransLink's $100 million 40-year bond issuance in February, 2012, which was earmarked to refinance certain existing MFA debt due in Dec/2012, Jun/2013, and Oct/2013. In July, 2012 TransLink issued an additional $150 million 40-year bond.

Liablities

The higher accounts payable and accrued liabilities over the 2011 year-end mainly reflects the different cut off periods. As at Sep 30, 2011, the balance for this item was a more comparable $252.4 million. The higher debt reflects the $250 million raised in the capital markets since year-end. The decrease in deferred government transfer is accounted for in the amortizations ($45.3 million) net of interest earned on the restricted cash and investments. The $8 million decrease in the deferred concessionaire credits and Golden Ears Bridge contractor liability is the net effect of $9.5 million accretion of the contractor liability less a $17.5 million amortization of the deferred concessionaire credits.

Non-Financial Assets

The total tangible capital assets has decreased by $58.4 million (1.3 per cent) as capital spending has slowed. The prepaid expenses have increased by $5.6 million (75.3 per cent) due to the timing of insurance payments and amortization of prepaid expenses.

6. Changes in Net Financial Liability

The $93.3 million decrease in the Net Financial Liability in the nine months since the end of 2011 has been aided by a $40.7 million operating surplus and a $58.2 million decrease in tangible capital assets.

7. Cash Flows and Liquidity

Operations has generated $126.4 million in cash in the nine months since the end of 2011. Capital spending has mostly been funded by real estate disposals. Debt proceeds of $250 million includes $100 million reserved for refinancing of MFA debt and a further sum to meet future capital spending and sinking fund contributions.

With healthy cash and investments and only $90 million outstanding on the $500 million commercial paper program the organization has access to a prudent amount of liquidity in the event accessing the capital markets is less optimal due to economic or other events.

8. Appendices and Consolidated Financial Statements

Schedule 1 Consolidated Financial Statements

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Consolidated Statement of Financial Position
(in thousands of dollars)

September 30, 2012, with December 31, 2011 comparative figures

	Sept 30 2012	Dec 31 2011
FINANCIAL ASSETS		
Cash	$ 124,473	$ 94,290
Accounts receivable	80,563	79,059
Restricted cash and investments	286,694	295,926
Investments	330,005	128,311
Debt reserve deposits	43,201	42,250
Debt sinking funds	699,670	558,889
	1,564,606	1,198,725
LIABILITIES		
Accounts payable and accrued liabilities	241,226	180,563
Debt	2,712,036	2,459,778
Deferred government transfer	1,137,088	1,179,353
Employee future benefits	73,737	67,144
Deferred concessionaire credits	648,082	665,552
Golden Ears Bridge contractor liability	1,029,620	1,020,150
Obligations under capital lease	3,442	-
Deferred lease inducements - net	354	446
	5,845,585	5,572,986
NET DEBT	(4,280,979)	(4,374,261)
NON-FINANCIAL ASSETS		
Tangible capital assets	$ 4,368,180	$ 4,426,404
Supplies inventory	39,490	39,434
Prepaid expenses	13,066	7,452
	4,420,736	4,473,290
ACCUMULATED SURPLUS	$ 139,757	$ 99,029

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Consolidated Statement of Operations
(in thousands of dollars)

Nine months ended September 30, 2012, with comparative figures for 2011

	2012 Budget	2012 Actual	2011 Actual
Revenue:			
Taxation	$ 528,125	$ 528,985	$ 503,723
Transit	344,159	344,678	331,055
Golden Ears Bridge tollings	28,706	29,223	24,986
Real estate	-	1,608	-
Emissions testing	15,829	15,774	14,349
Government transfers	63,824	60,489	61,162
Amortization of deferred concessionaire credit	17,248	17,470	17,302
Interest income	20,682	22,632	18,266
Miscellaneous revenue	1,435	2,838	3,599
Gain on disposal	55,942	41,230	64
	1,075,950	1,064,927	974,506
Expenses:			
Aircare	12,973	12,374	14,378
Bus division	569,108	558,734	554,325
Corporate	65,643	59,584	51,217
Rail division	244,437	242,458	228,149
Roads & Bridges	159,909	131,075	130,691
Transit Police	21,911	19,974	19,669
	1,073,981	1,024,199	998,429
Surplus (deficit) for the period	1,969	40,728	(23,923)
Accumulated surplus, beginning of year	99,029	99,029	151,501
Accumulated surplus, end of period	$ 100,998	$ 139,757	$ 127,578

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Consolidated Statement of Changes in Net Financial Liabilities
(in thousands of dollars)

Nine months ended September 30, 2012, with comparative figures for 2011

	2012 Actual	2011 Actual
Surplus (deficit) for the period	$ 40,728	$ (23,923)
Acquisition of tangible capital assets (including capital lease asset)	(106,852)	(52,332)
Amortization of tangible capital assets	116,928	118,785
Gain on disposal of tangible capital assets	(41,230)	(64)
Net proceeds on disposal of tangible capital assets	89,378	2,830
	58,224	69,219
Change in supplies inventories	(56)	(404)
Change in prepaid expenses	(5,614)	(2,249)
	(5,670)	(2,653)
Decrease in net debt	93,282	42,643
Net debt, beginning of year	(4,374,261)	(4,390,593)
Net debt, end of period	$ (4,280,979)	$ (4,347,950)

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Consolidated Statement of Cash Flows
(in thousands of dollars)

Nine months ended September 30, 2012, with comparative figures for 2011

	2012	2011
Cash provided by (used for):		
Operating Transactions:		
Excess (deficit) for the period	$ 40,728	$ (23,923)
Non-cash charges to operations	25,406	76,136
Changes in non-cash operating working capital	60,258	58,895
Net change in cash from operating transactions	126,392	111,108
Capital Transactions:		
Purchase of capital assets funded by government transfers	(12,315)	(6,400)
Purchase of capital assets	(91,242)	(45,932)
Net proceeds from disposal of capital assets	89,378	2,830
Net change in cash from capital transactions	(14,179)	(49,502)
Investing Transactions:		
Decrease (increase) in restricted cash and investments	9,232	(118,582)
Increase in investments	(201,694)	(217,387)
Increase in debt reserve deposits	(951)	(917)
Net change in cash from investing transactions	(193,413)	(336,886)
Financing Transactions:		
Debt proceeds	250,000	200,000
Premiums (issue costs) on financing	1,322	(2,944)
Repayments of debt	(2,120)	(2,068)
Contributions to debt sinking funds	(140,781)	(41,111)
Lease (setup costs) inducements received	(92)	446
Government transfers received for capital additions	3,083	123,837
Capital lease payments	(29)	-
Net change in cash from financing transactions	111,383	278,160
Decrease in cash	30,183	2,880
Cash, beginning of period	94,290	106,770
Cash, end of period	$ 124,473	$ 109,650
Supplementary information:		
Interest paid	$ 96,456	$ 85,834

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Consolidated Statement of Cash Flows (continued)
(in thousands of dollars)

Nine months ended September 30, 2012, with comparative figures for 2011

	2012	2011
Non-cash charges to operations:		
Amortization of capital assets	$ 116,928	$ 118,785
Amortization of bond discount	2,252	1,402
Amortization of debt issue cost	804	754
Amortization of deferred concessionaire credits	(17,470)	(17,302)
Amortizaton of deferred government transfers	(45,348)	(43,557)
Interest accretion on contractor liability	9,470	16,118
Gain on disposal of tangible capital assets	(41,230)	(64)
	$ 25,406	$ 76,136
Changes in non-cash operating working capital:		
(Increase) decrease in accounts receivable	$ (1,504)	$ 5,462
Increase in supplies inventory	(56)	(404)
Increase in prepaid expenses	(5,438)	(2,249)
Increase in accounts payable and accrued liabilities	60,663	48,776
Employee future benefit payable	6,593	7,310
	$ 60,258	$ 58,895

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Segment Report

Nine months ended September 30, 2012, with comparative figures for 2011

	Aircare	Bus division	Corporate	Rail division	Road & Bridge	Transit Police	2012	2011
Revenues								
Taxation	$ -	$ -	$ 528,985	$ -	$ -	$ -	$ 528,985	$ 503,723
Transit	-	-	344,678	-	-	-	344,678	331,055
Golden Ears Bridge tollings	-	-	-	-	29,223	-	29,223	24,986
Real estate	-	-	1,608	-	-	-	1,608	-
Emissions testing	15,774	-	-	-	-	-	15,774	14,349
Government transfers	-	-	60,489	-	-	-	60,489	61,162
Amortization of deferred concessionaire credit	-	-	-	17,470	-	-	17,470	17,302
Interest income	-	-	22,632	-	-	-	22,632	18,266
Miscellaneous revenue	-	1,587	144	920	21	166	2,838	3,599
Gain on disposal	-	-	41,230	-	-	-	41,230	64
	15,774	1,587	999,766	18,390	29,244	166	1,064,927	974,506
Expenses								
Administration	205	4,458	9,918	1,747	113	1,235	17,676	15,059
Amortization of capital assets	-	61,042	3,899	38,032	13,945	10	116,928	118,785
Capital infrastructure contributions	-	-	-	-	20,286	-	20,286	22,919
Contracted services	11,180	48,236	-	91,476	7,981	-	158,873	153,029
Fuel & power	-	42,935	13	9,946	-	102	52,996	47,154
Insurance	2	9,473	127	3,114	850	29	13,595	13,534
Interest	-	43,773	2,792	27,278	60,102	8	133,953	128,501
Maintenance, materials and utilities	3	34,825	538	11,904	25,676	564	73,510	72,802
Professional & legal	56	580	7,867	1,485	504	310	10,802	8,705
Rentals, leases and property tax	101	11,708	5,286	9,789	44	698	27,626	27,285
Salaries, wages and benefits	827	301,704	29,144	47,687	1,574	17,018	397,954	390,656
	12,374	558,734	59,584	242,458	131,075	19,974	1,024,199	998,429
Surplus (deficit) for the period	$ 3,400	$(557,147)	$ 940,182	$ (224,068)	$(101,831)	$(19,808)	$ 40,728	$ (23,923)

Schedule 2 Funded Statement of Operations

TransLink (Excluding AirCare)
2012 Revenue and Expenditure Summary Statement
Ona Funded Basis
$000's

	YTD 2011 Actual	YTD 2012 Actual	YTD Fav/(Unfav) to 2011	YTD 2012 Budget	YTD Fav/(Unfav) to Budget	Annual 2012 Budget
A. Revenues and Expenditures						
Revenues						
Transit Revenues	331,055	344,678	13,623	344,159	518	456,154
Golden Ears Bridge Toll Revenues	24,986	29,223	4,237	28,706	517	38,962
Real Estate Revenues	-	1,608	1,608	-	1,608	-
Taxation	-	-	-	-	-	-
Fuel	227,334	245,596	18,262	245,581	15	330,783
Property and Replacement	222,161	229,048	6,887	229,176	(127)	305,568
Hydro Levy	14,066	14,239	172	14,268	(30)	19,237
Parking Sales	40,161	40,102	(60)	39,100	1,002	51,600
Total Taxation Revenue	**503,723**	**528,984**	**25,262**	**528,125**	**859**	**707,187**
Interest Income	2,536	2,772	237	2,041	732	2,124
Operating Contribution	58,379	14,940	(43,439)	14,412	528	19,669
Miscellaneous Revenue	3,599	2,837	(762)	1,435	1,402	1,909
Gain on disposal	64	41,230	41,166	55,942	(14,712)	55,942
Total Revenues	**924,342**	**966,274**	**41,932**	**974,820**	**(8,547)**	**1,281,947**
Expenditures						
Roads & Bridges						
Major Road Network Operation	25,361	25,708	(347)	26,801	1,092	35,726
Golden Ears Bridge Operations	8,802	9,065	(263)	10,140	1,075	13,202
Admin	1,429	1,969	(540)	2,397	428	3,206
Total Roads & Bridges	**35,592**	**36,743**	**(1,151)**	**39,338**	**2,595**	**52,134**
Transit						
Bus Division						
Coast Mountain Bus Co.	397,932	403,812	(5,880)	417,011	13,199	558,369
Access Transit	34,964	36,601	(1,637)	36,831	230	49,209
Other Contractors	13,997	14,406	(408)	14,409	4	19,233
Total Bus Division	**446,894**	**454,819**	**(7,925)**	**468,251**	**13,433**	**626,811**
Rail Division						
Expo & Millennium Lines	73,119	75,085	(1,966)	77,803	2,718	105,245
West Coast Express	21,445	22,157	(712)	22,455	299	30,065
Canada Line	73,335	79,906	(6,572)	81,327	1,420	108,891
Total Rail Division	**167,898**	**177,148**	**(9,249)**	**181,585**	**4,437**	**244,201**
Total Transit	**614,792**	**631,966**	**(17,174)**	**649,836**	**17,870**	**871,012**
TransLink	**44,271**	**52,828**	**(8,557)**	**59,208**	**6,380**	**80,535**
Transit Police	**19,651**	**19,954**	**(303)**	**21,891**	**1,937**	**29,696**
Provision for Contingencies and Reinvestments	-	-	-	-	-	**11,431**
Interest Expense	**79,152**	**83,856**	**(4,704)**	**75,309**	**(8,547)**	**106,054**
Depreciation Expense	**9,375**	**5,952**	**3,423**	**6,087**	**134**	**13,271**
Debt Repayment	**71,000**	**72,633**	**(1,633)**	**73,074**	**440**	**101,004**
GEB Capital Payments	**34,035**	**40,674**	**(6,639)**	**40,871**	**197**	**54,807**
Total Expenditures	**907,868**	**944,606**	**(36,738)**	**965,614**	**21,007**	**1,319,944**
Annual Surplus/(Deficit) before AirCare	**16,473**	**21,667**	**5,194**	**9,207**	**12,461**	**(37,997)**
B. Cumulative Funded Surplus						
Opening Balance	**321,976**	**287,720**	**(34,256)**	**287,720**	**-**	**287,720**
Surplus/(Deficit) for the year	16,473	21,667	5,194	9,207	12,461	(37,997)
Closing Balance	**338,449**	**309,387**	**(29,062)**	**296,927**	**12,461**	**249,723**

* The funded statement of operations does not include AirCare as it is a self-funded program

Appendix 1 Bus Operations

BUS DIVISION	YTD Q3 2011 Actual	YTD Q3 2012 Actual	Fav./(Unfav.) Year over Year	YTD Q3 2012 Budget	Fav./(Unfav.) Actual vs. Target
CONVENTIONAL TRANSIT (BUS)					
Customer					
Overall performance rating out of 10	7.7	7.7	-	7.6	0.1
Complaints per 1 m boarded passengers [1]	122.0	94.9	27.1	110.2	15.3
Preventable collisions per million kms.	8.4	8.2	0.2	7.6	(0.6)
Passenger injuries per 1 million boarded passengers	3.49	3.37	0.12	-	-
Perception of Safety (On Board & At stops and exchanges) out of 10	8.4	8.4	-	8.5	(0.1)
Delivered service hours/scheduled	99.73%	99.63%	(0.10%)	99.50%	0.13%
Internal Effectiveness					
Operating cost per passenger km.	$0.373	$0.349	$0.024	$0.383	$0.034
Operating cost (excluding energy) per passenger km.	$0.337	$0.311	$0.026	$0.341	$0.030
Operating Cost per capacity kilometre	$0.113	$0.115	$(0.002)	$0.119	$0.004
Boardings per service hour	47.10	50.08	2.98	47.70	2.38
Utilization (Passenger Kms./Capacity Kms.)	29.2%	32.0%	2.8%	29.9%	2.1%
Mean distance between vehicle failures	30,441	29,677	(764)	29,418	259
People					
Lost time frequency (per 200,000 hours worked)	6.57	5.90	0.67	5.00	(0.90)
Service Statistics					
Service Hours	3,687,817	3,711,987	24,170	3,729,090	(17,103)
Service Kilometres	71,697,824	72,353,652	655,828	72,569,572	(215,920)
Boarded Passengers	173,512,953	185,909,799	12,396,846	177,864,763	8,045,036
CNBC					
Customer					
Overall performance rating out of 10	7.7	7.7	-	7.6	0.1
Complaints per 1 m boarded passengers [1]	124.0	95.4	28.6	114.4	19.0
Preventable collisions per million kms.	8.5	8.4	0.1	8.0	(0.4)
Passenger injuries per 1 million boarded passengers	3.51	3.43	0.08	-	-
Perception of Safety (On Board & At stops and exchanges) out of 10	8.3	8.4	0.1	8.5	(0.1)
Delivered service hours/scheduled	99.72%	99.62%	(0.10%)	99.50%	0.12%
Internal Effectiveness					
Operating cost per passenger km.	$0.376	$0.350	$0.026	$0.386	$0.036
Operating cost (excluding energy) per passenger km.	$0.340	$0.313	$0.027	$0.345	$0.032
Operating Cost per capacity kilometre	$0.113	$0.116	$(0.003)	$0.132	$0.016
Boardings per service hour	47.30	50.66	3.36	48.00	2.66
Utilization (Passenger Kms./Capacity Kms.)	29.1%	32.0%	2.9%	29.8%	2.2%
Mean distance between vehicle failures	30,441	29,677	(764)	29,418	259
People					
Lost time frequency (per 200,000 hours worked)	6.57	5.90	0.67	5.49	(0.41)
Service Statistics					
Service Hours	3,523,308	3,547,582	24,274	3,564,366	(16,784)
Service Kilometres	67,961,532	68,724,280	762,748	68,892,272	(167,992)
Boarded Passengers	166,733,612	179,725,082	12,991,470	171,255,258	8,469,824

[1] Complaints received through social media networks (Facebook, twitter) are not currently being reported. This will be corrected in the year end report.

BUS DIVISION (Continued)	YTD Q3 2011 Actual	YTD Q3 2012 Actual	Fav./(Unfav.) Year over Year	YTD Q3 2012 Budget	Fav./(Unfav.) Actual vs. Target
CONTRACTED SERVICES					
Customer					
Overall performance rating out of 10	8.1	8.3	0.2	-	-
Complaints per 1 m boarded passengers [1]	72.0	81.6	(9.6)	-	-
Preventable collisions per million kms.	6.2	5.2	(1.0)	-	-
Passenger injuries per 1 million boarded passengers	2.80	1.76	1.04	-	-
Perception of Safety (On-Board & At stops and exchanges) out of 10	9.0	8.9	(0.1)	-	-
Delivered service hours/scheduled	99.93%	99.96%	0.03%	99.95%	0.01%
Internal Effectiveness					
Operating cost per passenger km.	$0.301	$0.324	$(0.023)	$0.310	$(0.014)
Operating cost (excluding energy) per passenger km.	$0.256	$0.273	$(0.017)	$0.261	$(0.012)
Operating Cost per capacity kilometre	$0.099	$0.103	$(0.004)	$0.102	$(0.001)
Boardings per service hour	41.20	37.62	(3.58)	40.10	(2.48)
Utilization (Passenger Kms./Capacity Kms.)	32.7%	31.9%	(0.8%)	33.1%	(1.2%)
Mean distance between vehicle failures	9,730	11,978	2,248		
Service Statistics					
Service Hours	164,510	164,405	(105)	164,724	(319)
Service Kilometres	3,736,293	3,629,372	(106,921)	3,677,300	(47,928)
Boarded Passengers	6,779,341	6,184,717	(594,624)	6,609,505	(424,788)
ACCESS TRANSIT					
Customer					
Overall performance rating out of 10	8.3	8.4	0.1	-	-
Complaints per 1 m boarded passengers [1]	876.7	968.8	(92.1)	789.0	(179.8)
Preventable collisions per million kms.	20.0	12.6	7.4		
Passenger injuries per 1 million boarded passengers	20.98	31.82	(10.84)	18.43	(13.39)
Perception of Safety (On-Board & At stops and exchanges) out of 10	9.1	9.0	(0.1)	-	
Delivered service hours/scheduled	100.00%	100.00%		100.00%	
Internal Effectiveness					
Operating cost per passenger km.	$6.260	$6.334	$(0.074)	$6.393	$0.059
Operating cost (excluding energy) per passenger km.	$5.891	$5.946	$(0.055)	$6.000	$0.054
Boardings per service hour	2.53	2.57	0.04	2.54	0.03
Service Statistics					
Service Hours	452,004	440,263	(11,741)	449,031	(8,768)
Service Kilometres	7,613,199	7,396,498	(216,701)	7,459,500	(63,002)
Boarded Passengers	1,144,058	1,131,262	(12,796)	1,139,428	(8,166)

[1] Complaints received through social media networks (Facebook, twitter) are not currently being reported. This will be corrected in the year end report.

Appendix 2 Rail Operations

RAIL DIVISION	YTD Q3 2011 Actual	YTD Q3 2012 Actual	Fav./(Unfav.) Year over Year	YTD Q3 2012 Budget	Fav./(Unfav.) Actual vs. Target
TOTAL RAIL					
Customer					
Overall performance rating out of 10	8.4	8.4	-	8.3	0.1
Complaints per 1 m boarded passengers [1]	12.0	10.5	1.5	8.4	(2.1)
On-time performance % (within 2 minutes) Expo/Millenium	95.30%	95.80%	0.50%	94.50%	1.30%
On-time performance % (within 5 minutes) WCE	97.50%	96.70%	(0.90%)	97.70%	(1.00%)
Collisions and derailments per million kms.	0.03	0.03	-	-	-
Passenger injuries per 1 million boarded passengers	0.92	0.78	0.14	-	-
Perception of Safety (On-Board & At stops and exchanges) out of 10	8.0	8.2	0.2	7.5	0.7
Internal Effectiveness					
Operating cost per passenger km.	$0.161	$0.168	$(0.007)	$0.168	-
Operating cost (excluding energy) per passenger km.	$0.153	$0.160	$(0.007)	$0.160	-
Operating Cost per capacity kilometre	$0.037	$0.038	$(0.001)	$0.039	$0.001
Boardings per service hour	87.5	88.5	1.0	90.4	(1.9)
Utilization (Passenger Kms./Capacity Kms.)	22.8%	22.7%	(0.1%)	23.2%	(0.5%)
Mean distance between vehicle failures	738,369	803,419	65,050	530,212	273,207
Overall mystery shopper score	93.4%	88.9%	(4.5%)	93.2%	(4.3%)
People					
Lost time frequency (per 200,000 hours worked)	3.46	3.48	(0.02)	2.80	(0.68)
Service Statistics					
Service Hours	1,040,039	1,041,147	1,108	1,055,466	(14,319)
Service Kilometres	41,049,058	41,043,178	(5,880)	41,611,390	(568,212)
Boarded Passengers	91,027,831	92,113,370	1,085,539	95,366,062	(3,252,692)
West Coast Express					
Customer					
Overall performance rating out of 10	8.6	8.6	-	-	-
Complaints per 1 m boarded passengers [1]	175.2	152.6	22.6	153.8	1.2
Service reliability (% service hours delivered)	99.8%	99.9%	0.1%	99.9%	-
On-time performance within 5 minutes	97.6%	96.7%	(0.9%)	97.7%	(1.0%)
Collisions & Derailments per million kms.	-	-	-	-	-
Passenger injuries per 1 million boarded passengers	-	0.93	(0.93)	1.00	0.07
Perception of Safety (On-Board & At stops and exchanges) out of 10	-	-	-	-	-
Internal Effectiveness					
Operating cost per passenger km.	$0.188	$0.182	$0.006	$0.194	$0.012
Operating cost (excluding energy) per passenger km.	$0.175	$0.170	$0.005	$0.178	$0.008
Operating Cost per capacity kilometre	$0.084	$0.083	$0.001	$0.088	$0.005
Boardings per service hour	65.6	69.2	3.6	68.3	0.9
Utilization (Passenger Kms./Capacity Kms.)	44.6%	45.5%	0.9%	45.3%	0.2%
Mean distance between vehicle failures	348,992	173,591	(175,401)	230,212	(56,621)
Overall mystery shopper score	90.2%	76.5%	(13.7%)	90.0%	(13.5%)
People					
Lost time frequency (per 200,000 hours worked)	-	-	-	-	-
Service Statistics					
Service Hours	32,112	31,134	(978)	31,424	(290)
Service Kilometres	1,138,061	1,119,983	(18,078)	1,118,174	1,809
Boarded Passengers	2,106,552	2,155,515	48,963	2,145,062	10,453

[1] Complaints received through social media networks (Facebook, twitter) are not currently being reported. This will be corrected in the year-end report.

RAIL DIVISION (Continued)	YTD Q3 2011 Actual	YTD Q3 2012 Actual	Fav./(Unfav.) Year over Year	YTD Q3 2012 Budget	Fav./(Unfav.) Actual vs. Target
Expo & Millenium Line					
Customer					
Overall performance rating out of 10	8.2	8.2	-	8.3	(0.1)
Complaints per 1 m boarded passengers [1]	4.9	5.5	(0.6)	5.0	(0.5)
Service reliability (% service hours delivered)	99.6%	99.7%	0.1%	99.8%	(0.1%)
On-time performance %	95.3%	95.8%	0.5%	94.5%	1.3%
Collisions & Derailments per million kms.	0.03	0.03	-	-	-
Passenger injuries per 1 million boarded passengers	1.41	1.20	0.21	1.20	-
Perception of Safety (On-Board & At stops and exchanges) out of 10	7.8	7.9	0.1	7.5	0.4
Internal Effectiveness					
Operating cost per passenger km.	$0.118	$0.122	$(0.004)	$0.122	-
Operating cost (excluding energy) per passenger km.	$0.107	$0.110	$(0.003)	$0.111	$0.001
Operating Cost per capacity kilometre	$0.021	$0.022	$(0.001)	$0.023	$0.001
Boardings per service hour	68.0	68.7	0.7	70.2	(1.5)
Utilization (Passenger Kms./Capacity Kms.)	18.1%	18.0%	(0.1%)	18.5%	(0.5%)
Mean distance between vehicle failures	389,377	629,828	240,451	300,000	329,828
Overall mystery shopper score	94.1%	94.4%	0.3%	91.0%	3.4%
People					
Lost time frequency (per 200,000 hours worked)	3.46	3.48	(0.02)	2.80	(0.68)
Service Statistics					
Service Hours	874,736	863,536	(11,200)	877,682	(14,146)
Service Kilometres	35,251,867	34,800,595	(451,272)	35,370,616	(570,021)
Boarded Passengers	59,481,609	59,316,697	(164,912)	61,633,000	(2,316,303)
Canada Line					
Customer					
Overall performance rating out of 10	8.6	8.7	0.1	8.3	0.4
Complaints per 1 m boarded passengers [1]	14.6	10.3	4.3	5.0	5.3
Perception of Safety (On-Board & At stops and exchanges) out of 10	8.5	8.7	0.2	8.5	0.2
Internal Effectiveness					
Operating cost per passenger km.	$0.242	$0.252	$(0.010)	$0.250	$(0.002)
Operating cost (excluding energy) per passenger km.	$0.242	$0.252	$(0.010)	$0.250	$(0.002)
Operating Cost per capacity kilometre	$0.094	$0.093	$0.001	$0.095	$0.002
Boardings per service hour	221.0	209.2	(11.8)	215.8	(6.6)
Utilization (Passenger Kms./Capacity Kms.)	39.0%	37.0%	(2.0%)	38.0%	(1.0%)
Contract adherence monitoring	95.9%	95.7%	(0.2%)	98.5%	(2.8%)
Service Statistics					
Service Hours	133,191	146,477	13,286	146,360	117
Service Kilometres	4,659,130	5,122,600	463,470	5,122,600	-
Boarded Passengers	29,439,670	30,641,158	1,201,488	31,588,000	(946,842)

[1] Complaints received through social media networks (Facebook, twitter) are not currently being reported. This will be corrected in the year-end report.

Caution Regarding Forward-Looking Statements

From time to time, TransLink makes written and/or oral forward looking statements, including in this document, and in other communications, in addition, representatives of TransLink may make forward-looking statements orally to analysts, investors, the media and others.

Forward-looking statements, by their nature, require TransLink to make assumptions and are subject to inherent risk and uncertainties. In light of the uncertainty related to the financial, economic and regulatory environments, such risks and uncertainties, many of which are beyond TransLink's control, and the effects of which can be difficult to predict, may cause actual results to differ materially from the expectations expressed in the forward-looking statements.